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# HOUSE BILL No. 1322

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1.

**Synopsis:** Farmland credit. Provides a farmland credit against property taxes equal to the property tax liability imposed on 20% of the assessed valuation of the total farmland acreage of a farm. Provides that a taxpayer may not claim the credit for more than 500 acres statewide.

**Effective:** Upon passage.

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### Hoffman

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January 15, 2004, read first time and referred to Committee on Ways and Means.

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Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## HOUSE BILL No. 1322

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-20.4 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]:

4       **Chapter 20.4. Farmland Credit**

5       **Sec. 1.** As used in this chapter, "agricultural land" means land  
6 assessed as agricultural land under IC 6-1.1-4-13.

7       **Sec. 2.** As used in this chapter, "farm" means one (1) or more  
8 tracts of agricultural land with common ownership that are:

- 9           (1) devoted to an agricultural use;  
10          (2) located in one (1) county; and  
11          (3) contiguous, as determined without regard to any  
12 intervening public, public utility, or transportation easements  
13 or rights-of-way.

14       **Sec. 3.** As used in this chapter, "farm owner" means a person  
15 that:

- 16           (1) is an owner of a farm; and  
17           (2) either is:

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(A) an individual who:

(i) actively participates in; and

(ii) alone or with one (1) or more other individuals substantially owns and controls;

the use of the agricultural land; or

(B) a corporation (as defined in IC 6-3-1-10) or a partnership (as defined in IC 6-3-1-19) that, directly or indirectly, is substantially owned and controlled by one (1) or more individuals who actively participate in and substantially control the use of the agricultural land.

Sec. 4. As used in this chapter, "farmland credit" refers to a credit granted under this chapter.

Sec. 5. As used in this chapter, "total farmland acreage" means total farmland acreage as determined for agricultural land under the rules adopted by the department of local government finance.

Sec. 6. A farm owner is eligible for a farmland credit under this chapter against property taxes due on the farm owner's farm.

Sec. 7. (a) The amount of the farmland credit is equal to the property tax liability attributable to twenty percent (20%) of the assessed valuation of the total farmland acreage in the farm owner's farm. If the farm consists of more than one (1) tract that receives separate tax statements under IC 6-1.1-22-8, the farmland credit shall be allocated among the tracts in conformity with the rules adopted by the department of local government finance.

(b) A taxpayer may claim the farmland credit in more than one (1) county. However, the total statewide farmland acreage for which a taxpayer may claim a farmland credit under this chapter may not exceed five hundred (500) acres.

Sec. 8. To obtain the farmland credit, a farm owner must file a certified statement:

(1) on forms prescribed by the department of local government finance; and

(2) containing the information required by the department of local government finance;

with the county auditor of the county in which the agricultural land is subject to assessment. The statement must be filed before May 10 of the year containing the assessment date for the first year to which the farmland credit is to be applied. Upon verification of the statement by the township assessor of the township in which the agricultural land is subject to assessment, the county auditor shall allow the farmland credit. The county auditor shall apply the farmland credit to a farm owner's farm in the manner prescribed

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by the department of local government finance.

Sec. 9. (a) A person who receives a farmland credit for a particular year and who remains eligible for the farmland credit for the following year is not required to file a statement to apply for the farmland credit for the following year.

(b) A person who receives a farmland credit for a particular year and becomes ineligible for the farmland credit for the following year shall notify the county auditor of the county in which the agricultural land for which the person received the farmland credit is located of the person's ineligibility before March 31 of the year for which the person becomes ineligible.

(c) The county auditor of each county shall, in a particular year, apply a farmland credit provided under this section to each person that received the farmland credit in the preceding year unless the auditor determines that the person is no longer eligible for the farmland credit.

(d) The following do not terminate eligibility for a farmland credit:

(1) A change in ownership of agricultural land if:

(A) a person who is a farm owner after the change in ownership or control files an amended application with the county auditor in the county where the farm is located in the form prescribed by the department of local government finance before March 31 after the change in ownership occurs; and

(B) the agricultural land otherwise continues to qualify for the farmland credit under this section after the change in ownership or control.

(2) A change in the ownership or control of a corporation (as defined in IC 6-3-1-10) or a partnership (as defined in IC 6-3-1-19) that is a farm owner, if the corporation or the partnership:

(A) files an amended application with the county auditor in the county where the agricultural land is located in the form prescribed by the department of local government finance before March 31 after the change in ownership or control occurs; and

(B) otherwise continues to qualify for the farmland credit under this section after the change in ownership or control.

In applying subdivision (1) or (2) after the death of a farm owner or a shareholder, partner, member, or beneficiary of a farm owner, the person who is entitled to receive the property interest of the

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deceased person shall be treated as an owner of the deceased person's interest while the interest is in the estate of the deceased person.

**Sec. 10. (a) Before April 1 of each year containing an assessment date, the county auditor of each county shall certify to the department of local government finance the amount of the assessed valuation on the assessment date that qualifies for the farmland credit.**

**(b) Before February 1 of each year, a county auditor shall certify to the department of local government finance the amount of farmland credits allowed in the county for tax liability first due and payable in the year.**

SECTION 2. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss), SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine an amount equal to the eligible property tax replacement amount, which is the estimated property tax replacement.

(b) The department of local government finance shall certify to the department the amount of:

- (1) farmland credits provided under IC 6-1.1-20.4 that are allowed by the county for the particular calendar year; and**
- (2) homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year.**

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the department of local government finance shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the estimated property tax replacement amount attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the taxes levied in the taxing district that are allocated to

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1 a special fund under IC 6-1.1-39-5.

2 (d) The sum of the amounts determined under subsections (a)  
3 through (c) is the particular county's estimated distribution for the  
4 calendar year.

5 SECTION 3. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003,  
6 SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12,  
7 IS CORRECTED AND AMENDED TO READ AS FOLLOWS  
8 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department  
9 shall allocate from the property tax replacement fund an amount equal  
10 to the sum of:

11 (1) each county's total eligible property tax replacement amount  
12 for that year; plus

13 (2) the total amount of homestead tax credits that are provided  
14 under IC 6-1.1-20.9 and allowed by each county for that year;  
15 plus

16 (3) an amount for each county that has one (1) or more taxing  
17 districts that contain all or part of an economic development  
18 district that meets the requirements of section 5.5 of this chapter.  
19 This amount is the sum of the amounts determined under the  
20 following STEPS for all taxing districts in the county that contain  
21 all or part of an economic development district:

22 STEP ONE: Determine that part of the sum of the amounts  
23 under section 2(g)(1)(A) and 2(g)(2) of this chapter that is  
24 attributable to the taxing district.

25 STEP TWO: Divide:

26 (A) that part of the subdivision (1) amount that is  
27 attributable to the taxing district; by

28 (B) the STEP ONE sum.

29 STEP THREE: Multiply:

30 (A) the STEP TWO quotient; times

31 (B) the taxes levied in the taxing district that are allocated to  
32 a special fund under IC 6-1.1-39-5; **plus**

33 **(4) the total amount of farmland credits that are provided**  
34 **under IC 6-1.1-20.4 and allowed by each county for that year.**

35 (b) Except as provided in subsection (e), between March 1 and  
36 August 31 of each year, the department shall distribute to each county  
37 treasurer from the property tax replacement fund one-half (1/2) of the  
38 estimated distribution for that year for the county. Between September  
39 1 and December 15 of that year, the department shall distribute to each  
40 county treasurer from the property tax replacement fund the remaining  
41 one-half (1/2) of each estimated distribution for that year. The amount  
42 of the distribution for each of these periods shall be according to a

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1 schedule determined by the property tax replacement fund board under  
 2 section 10 of this chapter. The estimated distribution for each county  
 3 may be adjusted from time to time by the department to reflect any  
 4 changes in the total county tax levy upon which the estimated  
 5 distribution is based.

6 (c) On or before December 31 of each year or as soon thereafter as  
 7 possible, the department shall make a final determination of the amount  
 8 which should be distributed from the property tax replacement fund to  
 9 each county for that calendar year. This determination shall be known  
 10 as the final determination of distribution. The department shall  
 11 distribute to the county treasurer or receive back from the county  
 12 treasurer any deficit or excess, as the case may be, between the sum of  
 13 the distributions made for that calendar year based on the estimated  
 14 distribution and the final determination of distribution. The final  
 15 determination of distribution shall be based on the auditor's abstract  
 16 filed with the auditor of state, adjusted for postabstract adjustments  
 17 included in the December settlement sheet for the year, and such  
 18 additional information as the department may require.

19 (d) All distributions provided for in this section shall be made on  
 20 warrants issued by the auditor of state drawn on the treasurer of state.  
 21 If the amounts allocated by the department from the property tax  
 22 replacement fund exceed in the aggregate the balance of money in the  
 23 fund, then the amount of the deficiency shall be transferred from the  
 24 state general fund to the property tax replacement fund, and the auditor  
 25 of state shall issue a warrant to the treasurer of state ordering the  
 26 payment of that amount. However, any amount transferred under this  
 27 section from the general fund to the property tax replacement fund  
 28 shall, as soon as funds are available in the property tax replacement  
 29 fund, be retransferred from the property tax replacement fund to the  
 30 state general fund, and the auditor of state shall issue a warrant to the  
 31 treasurer of state ordering the replacement of that amount.

32 (e) Except as provided in subsection (I), the department shall not  
 33 distribute under subsection (b) and section 10 of this chapter the money  
 34 attributable to the county's property reassessment fund if:

35 (1) by the date the distribution is scheduled to be made, ~~the~~ the  
 36 county auditor has not sent a certified statement required to be  
 37 sent by that date under IC 6-1.1-17-1 to the department of local  
 38 government finance; ~~or~~

39 (2) by the deadline under IC 36-2-9-20, the county auditor has  
 40 not transmitted data as required under that section; **or**

41 ~~the~~ (3) the county assessor has not forwarded **to the department**  
 42 **of local government finance** the duplicate copies of all approved

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*exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).*

(f) Except as provided in subsection (I), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by ~~August~~ *October 1* as described in this section bears to the total number of townships in the county.

(g) Money not distributed ~~under subsection (e)~~ *for the reasons stated in subsection (e)(1) and (e)(2)* shall be distributed to the county when:

(1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; and

(2) the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);

with respect to which the failure to send or forward resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

(A) a county auditor to send a certified statement; or

(B) a county assessor to forward copies of all approved exemption applications;

as described in subsection (e); or

(2) the failure of an official to transmit data as described in

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1 subsection (f);  
 2 is justified by unusual circumstances.

3 SECTION 4. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-20.4, as**  
 4 **added by this act, applies to property taxes first due and payable**  
 5 **after December 31, 2004.**

6 SECTION 5. [EFFECTIVE UPON PASSAGE] (a)  
 7 Notwithstanding IC 6-1.1-20.4, as added by this act, the time in  
 8 which a person may file the initial application for a farmland credit  
 9 under IC 6-1.1-20.4, as added by this act, for property taxes first  
 10 due and payable in 2005 is extended from before May 10, 2004, to  
 11 before July 1, 2004.

12 (b) The department of local government finance shall prescribe  
 13 application forms and make the forms available to county auditors  
 14 and the public as soon as practicable after the passage of this act.

15 (c) The department of local government finance may adopt  
 16 temporary rules in the manner provided in IC 4-22-2-37.1 for the  
 17 adoption of emergency rules to implement IC 6-1.1-20.4, as added  
 18 by this act, and this SECTION. A temporary rule adopted under  
 19 this SECTION expires on the earlier of the following:

20 (1) The date that another temporary rule is adopted under  
 21 this SECTION or a permanent rule is adopted under  
 22 IC 4-22-2 to supersede a previously adopted temporary rule.

23 (2) July 1, 2005.

24 SECTION 6. An emergency is declared for this act.

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